



Market Data

Market Cap (intraday)	8.9B
Enterprise Value (August 13, 2019)	19.1B
Enterprise Value/EBITDA	13.7x

Financial Summary (08/12/2019)

Revenues	4,243M
EBITDA	1,398M
Net Income	355.1M

Financial Analysis

Solvency Ratios

LTD/Total Capitalization	83.50%
EBITDA/Interest Expense:	3.35x
LTD/EBITDA:	6.00x

Profitability Ratios

Gross Margin:	56.92%
EBITDA Margin:	32.95%
EBIT Margin:	17.64%
Return on Assets (ROA):	2.78%
Return on Equity (ROE):	20.04%

Industry: Real Estate Investment Trusts

Employees: 26,000+

Facilities Worldwide: 1,450+

Cubic Feet of Hardcopy Records: 696 million+

Pieces of Media: 89 million+

IRM \$37.66 – Buy

Valuation Methodology

Stock Price	\$30.98
Trading Comparable EBITDA Multiple	\$45.82
DCF Analysis	\$36.19
Average	\$37.66



Profile

Iron Mountain Incorporated (NYSE: IRM), founded in 1951, is the global leader for storage and information management services. Trusted by more than 225,000 organizations around the world, and with a real estate network of more than 85 million square feet across more than 1,400 facilities in over 50 countries, Iron Mountain stores and protects billions of valued assets, including critical business information, highly sensitive data, and cultural and historical artifacts. Providing solutions that include information management, digital transformation, secure storage, secure destruction, as well as data centers, cloud services and art storage and logistics, Iron Mountain helps customers lower cost and risk, comply with regulations, recover from disaster, and enable a more digital way of working. Iron Mountain is a component of the S&P 500 Index and a member of the FTSE4Good index.

Financial Analysis

FY18 vs FY17

Operations:

- Net Sales for FY18 were \$4,225,761 an increase of \$380,183 or 9.90% compared to \$3,845,578 for FY17. According to the Annual Form 10-K for year end December 31, 2018, the increase in reported consolidated storage revenue was driven by the favorable impact of acquisitions/divestitures and consolidated internal storage rental revenue growth, partially offset by unfavorable fluctuations in foreign currency exchange rates.
- Cost of Sales increased by 6.90% from \$1,685,318 in FY17, to \$1,801,582 for FY18. According to 10-K significant Acquisition Costs of Recall were included in cost of sales were \$7.6 million for the year ended December 31, 2018 and \$20.5 million for the year ended December 31, 2017.
- Operating expenses increased by \$273,784 in FY18, which increased expenses of FY17 \$3,196,469 by 8.60% to \$3,470,253 for FY18. Where other operating expenses decreased by 17.20% from \$457,386 for FY17 to \$378,532 for FY18.
- As a result of the decrease in other operating expenses and an increase of 96.60% in income from continuing operations, operating income for FY18 increased by 97.70% to impressive \$363,351 of profit for FY18 which is \$179,530 more than \$183,821 for FY17.

Cash Flow:

- For the year ended December 31, 2018, net cash flows provided by operating activities increased by \$212.3 million compared to the prior year period. According to the Annual Form 10-K for year end December 31, 2018, the primary factors that impacted the increase in cash flows provided by operating activities were an increase in net income of \$179.6 million and a decrease in cash used in working capital of \$51.7 million, primarily related to the timing of collections of accounts receivable, partially offset by the timing of payments associated with our accounts payable.
- Capex increased from \$4,829,000 in FY17 to \$8,861,000 in FY18 to support growth of company.
- The cash flow from investing activities decreased from (\$79.95B) in FY17 to (\$34.46B) in FY18.
- Financing activities generated \$15,082,000 for FY18 vs a generated cash of \$44,557,00 in FY17 primarily due to payment of dividends and payment of \$16.4 million for debt financing and equity issuance costs.
- As a result of the above, cash for FY18 increased to \$18,491,000 from only \$120,000 for FY17.

Leverage:

- Total debt increased by \$1,099,552 from \$7,043,271 FY17 to \$8,142,823. According to 10-K report the obvious reason for this increased reliance on debt is that as a REIT, Iron Mountain is required to distribute at least 90% of its REIT taxable income to maintain its status as a REIT. Between the inability to issue equity at terms favorable to the company and the lack of retained capital to organically support the company's capex needs, the company must rely primarily on debt.
- Interest coverage ratio slightly increased to 3.41x at FY18 from 3.31x for FY17 primarily due to higher EBITDA.
- Total Debt to EBITDA decreased to 5.84x for FY18 from 6.01x for FY17, due to increased debt of the company.

FY18 vs FY17				
	Year Ended December 31,		Dollar	Percentage
	2017	2018	Change	Change
Revenues	\$ 3,845,578	\$ 4,225,761	\$ 380,183	9.90%
Operating Expenses	\$ 3,196,469	\$ 3,470,253	\$ 273,784	8.60%
Operating Income	\$ 649,109	\$ 755,508	\$ 106,399	16.40%
Other Expenses, Net	\$ 457,386	\$ 378,532	\$ (78,854)	-17.20%
Income from Continuing Operations	\$ 191,723	\$ 376,976	\$ 185,253	96.60%
(Loss) Income from Discontinued Operations, Net of Tax	\$ (6,291)	\$ (12,427)	\$ (6,136)	97.50%
Net Income	\$ 185,432	\$ 364,549	\$ 179,117	96.60%
Net Income Attributable to Noncontrolling Interests	\$ 1,611	\$ 1,198	\$ (413)	-25.60%
Net Income Attributable to Iron Mountain Incorporated	\$ 183,821	\$ 363,351	\$ 179,530	97.70%

Income Statement									
	Annually					Quarterly			
	LTM 2019	12/31/2018	12/31/2017	12/31/2016		06/30/2019	03/31/2019	12/31/2018	09/30/2018
	(in 000s)					(in 000s)			
Revenues:									
Storage Rental	\$ 2,648,129	\$ 2,622,455	\$ 2,377,557	\$ 2,142,905		\$ 669,288	\$ 662,974	\$ 658,894	\$ 656,973
Service	\$ 1,595,121	\$ 1,603,306	\$ 1,468,021	\$ 1,368,548		\$ 397,619	\$ 390,889	\$ 402,595	\$ 404,018
Total Revenues	\$ 4,243,250	\$ 4,225,761	\$ 3,845,578	\$ 3,511,453		\$ 1,066,907	\$ 1,053,863	\$ 1,061,489	\$ 1,060,991
Operating Expenses:									
Cost of Sales	\$ 1,828,043	\$ 1,801,582	\$ 1,685,318	\$ 1,567,777		\$ 465,102	\$ 461,544	\$ 453,379	\$ 448,018
SG&A	\$ 1,032,903	\$ 1,038,975	\$ 984,965	\$ 988,332		\$ 252,764	\$ 270,559	\$ 260,449	\$ 249,131
Depreciation & Amortization	\$ 649,530	\$ 639,514	\$ 522,376	\$ 452,326		\$ 164,331	\$ 162,483	\$ 164,919	\$ 157,797
Intangible Impairments	-	\$ -	\$ 3,011	\$ -		-	-	-	-
(Gain) Loss on Disposal/Write-Down of PP&E	\$ (15,945)	\$ (9,818)	\$ 799	\$ 1,412		\$ (8,405)	\$ 602	\$ (9,102)	\$ 960
Total Operating Expenses	\$ 3,494,531	\$ 3,470,253	\$ 3,196,469	\$ 3,009,847		\$ 873,792	\$ 895,188	\$ 869,645	\$ 855,906
Operating Income (Loss)	\$ 748,719	\$ 755,508	\$ 649,109	\$ 501,606		\$ 193,115	\$ 158,675	\$ 191,844	\$ 195,746
Interest Expense	\$ 417,141	\$ 409,289	\$ 353,575	\$ 310,662		\$ 105,314	\$ 102,436	\$ 105,715	\$ 103,841
Other Expense (Income)	\$ (9,608)	\$ (11,692)	\$ 79,429	\$ 44,300		\$ (15,192)	\$ 15,210	\$ (13,113)	\$ 325
Income (Loss) from Continuing Operations Before Provision (Benefit) for Income Taxes and Gain on Sale of Real Estate	\$ 341,186	\$ 357,911	\$ 216,105	\$ 146,644		\$ 102,993	\$ 41,029	\$ 99,241	\$ 91,580
Provision (Benefit) for Income Taxes	\$ 31,528	\$ 36,263	\$ 25,947	\$ 44,944		\$ 10,646	\$ 10,553	\$ (5,610)	\$ 14,300
Gain on Sale of Real Estate	\$ (4,567)	\$ (55,328)	\$ (1,565)	\$ (2,180)		-	-	\$ (53,980)	\$ (1,348)
Income (Loss) from Continuing Operations	\$ 368,147	\$ 376,976	\$ 191,723	\$ 103,880		\$ 92,347	\$ 30,476	\$ 158,831	\$ 78,628
Income (Loss) from discontinued Operations	\$ (11,501)	\$ (12,427)	\$ (6,291)	\$ 3,353		\$ 128	\$ (24)	\$ -	\$ (11,605)
Net Income (Loss)	\$ 356,646	\$ 364,549	\$ 185,432	\$ 107,233		\$ 92,475	\$ 30,452	\$ 158,831	\$ 67,023
Less: Net Income (Loss) Attributable to Noncontrolling Interests	\$ 1,513	\$ 1,198	\$ 1,611	\$ 2,409		\$ 34	\$ 891	\$ 713	\$ (125)
Net Income (Loss) Attributable to Iron Mountain Incorporated	\$ 355,133	\$ 363,351	\$ 183,821	\$ 104,824		\$ 92,441	\$ 29,561	\$ 158,118	\$ 67,148

Cash Flow Statement

	Annually				Quarterly			
	LTM 2019	2018	2017	2016	06/30/2019	03/31/2019	12/31/2018	09/30/2018
	(in 000s)				(in 000s)			
Cash Flows from Operating Activities:								
Net income (loss)	\$ 356,646.00	\$ 364,549	\$ 185,432	\$ 107,233				
Loss (income) from discontinued operations	\$ 11,501.00	\$ 12,427	\$ 6,291	\$ (3,353)				
Adjustments to reconcile net income (loss) to cash flows from operating activities:								
Depreciation	\$ 456,140.00	\$ 452,740	\$ 406,283	\$ 365,526				
Amortization	\$ 209,693.00	\$ 202,449	\$ 131,055	\$ 99,951				
Revenue reduction associated with amortization of customer inducements and above- and below-market leases	\$ (747.00)	\$ -	\$ 3,011	\$ -				
Stock-based compensation expense	\$ 21,228.00	\$ 16,281	\$ 11,253	\$ 12,217				
Provision (benefit) for deferred income taxes	\$ 34,661.00	\$ 31,167	\$ 30,019	\$ 28,976				
Loss on early extinguishment of debt, net	\$ (10,729.00)	\$ (10,729)	\$ (36,370)	\$ (50,366)				
(Gain) loss on disposal/write-down of property, plant and equipment, net	\$ (6,127.00)	\$ -	\$ 78,368	\$ 9,283				
Gain on Russia and Ukraine Divestment	\$ (65,658.00)	\$ (65,658)	\$ (766)	\$ (898)				
Foreign currency transactions and other, net	\$ (8,002.00)	\$ -	\$ -	\$ 16,898				
(Increase) decrease in assets	\$ (34,363.00)	\$ (36,054)	\$ (93,805)	\$ (67,395)				
Increase (decrease) in liabilities	\$ 24,621.00	\$ (14,233)	\$ (8,146)	\$ 6,582				
Cash Flows from Operating Activities - Continuing Operations	\$ 972,469.00	\$ 936,544	\$ 724,259	\$ 541,216				
Cash Flows from Operating Activities - Discontinued Operations	\$ (518.00)	\$ (995)	\$ (3,291)	\$ 2,679				
Cash Flows from Operating Activities	\$ 971,951.00	\$ 935,549	\$ 720,968	\$ 543,895				
Cash Flows from Investing Activities:								
Capital expenditures	\$ (609,592.00)	\$ (460,062)	\$ (343,131)	\$ (328,603)				
Cash paid for acquisitions, net of cash acquired	\$ 3,380,775.00	\$ 1,798,557	\$ (219,705)	\$ (291,965)				
Acquisition of customer relationships	\$ (73,569.00)	\$ (55,126)	\$ (31,561)	\$ (31,561)				
Customer inducements	\$ (10,702.00)	\$ (8,902)	\$ (20,059)	\$ (19,205)				
Contract fulfillment costs and third-party commissions	\$ (67,745.00)	\$ (26,208)	\$ -	\$ -				
Investments in joint ventures	\$ (19,222.00)	\$ -	\$ -	\$ -				
Proceeds from sales of property and equipment and other, Net	\$ 132,784.00	\$ 86,159	\$ 9,337	\$ 7,977				
Cash Flows from Investing Activities - Continuing Operations	\$ (783,366.00)	\$ (2,230,128)	\$ (599,448)	\$ (632,703)				
Cash Flows from Investing Activities - Discontinued Operations	\$ 13,311.00	\$ 8,250	\$ -	\$ 96,712				
Cash Flows from Investing Activities	\$ (770,055.00)	\$ (2,221,878)	\$ (599,448)	\$ (535,991)				
Cash Flows from Financing Activities:								
Repayment of revolving credit facility, term loan facilities and other debt	\$ (8,918,265.00)	\$ (14,192,139)	\$ (14,429,695)	\$ (14,851,440)				
Proceeds from revolving credit facility, term loan facilities and other debt	\$ 9,405,305.00	\$ 15,351,614	\$ 13,917,055	\$ 14,544,388				
Net proceeds from sales of senior notes	\$ -	\$ -	\$ 910,092	\$ 925,443				
Debt financing and equity contribution from noncontrolling interests	\$ -	\$ -	\$ 13,230	\$ 1,299				
Debt repayment and equity distribution to noncontrolling interests	\$ (2,443.00)	\$ (2,523)	\$ (4,151)	\$ (1,765)				
Parent cash dividends	\$ (689,940.00)	\$ (673,635)	\$ (439,999)	\$ (505,871)				
Net proceeds associated with the Over-Allotment Option	\$ -	\$ 76,192	\$ 516,462	\$ -				
Net proceeds associated with the At the Market (ATM) Program	\$ -	\$ 8,716	\$ 59,129	\$ -				
Net (payments) proceeds associated with employee stock-based awards	\$ (610.00)	\$ (1,142)	\$ 13,095	\$ 31,922				
Payment of debt financing and stock issuance costs	\$ (3,020.00)	\$ (16,405)	\$ (14,793)	\$ (18,603)				
Cash Flows from Financing Activities - Continuing Operations	\$ (208,973.00)	\$ 550,678	\$ 540,425	\$ 125,373				
Cash Flows from Financing Activities - Discontinued Operations	\$ -	\$ -	\$ -	\$ -				
Cash Flows from Financing Activities	\$ (208,973.00)	\$ 550,678	\$ 540,425	\$ 125,373				
Effect of Exchange Rates on Cash and Cash Equivalents	\$ (19,119.00)	\$ (24,563)	\$ 27,270	\$ (25,174)				
(Decrease) Increase in Cash and Cash Equivalents	\$ (26,196.00)	\$ (760,214)	\$ 689,215	\$ 108,103				
Cash and Cash Equivalents, including Restricted Cash, Beginning of Period	\$ 165,485.00	\$ 925,699	\$ 238,484	\$ 128,381				
Cash and Cash Equivalents, including Restricted Cash, End of Period	\$ 139,289.00	\$ 165,485	\$ 925,699	\$ 238,484				

Consolidated Balance Sheet

	LTM 2019	2018	2017	2016
	(in 000s)			
Assets:				
Current Assets				
Cash and Cash Equivalents	\$ 161,996	\$ 165,485	\$ 925,699	\$ 236,484
Accounts Receivable, Net	\$ 852,330	\$ 846,889	\$ 835,742	\$ 691,249
Prepaid Expenses and other Current Assets	\$ 200,777	\$ 195,740	\$ 188,874	\$ 184,374
Total Current Assets	\$ 1,215,103	\$ 1,208,114	\$ 1,950,315	\$ 1,112,107
PP&E				
PP&E	\$ 7,840,423	\$ 7,600,949	\$ 6,251,100	\$ 5,535,783
Less; Accumulated Depreciation	\$ (3,281,864)	\$ (3,111,392)	\$ (2,833,421)	\$ (2,452,457)
PP&E, Net	\$ 4,558,559	\$ 4,489,557	\$ 3,417,679	\$ 3,083,326
Other Assets, Net				
Goodwill	\$ 4,473,424	\$ 4,441,030	\$ 4,070,267	\$ 3,905,021
Customer Relationships, Customer Inducements and Data Center Lease-Based Intangibles	\$ 1,467,025	\$ 1,506,522	\$ 1,400,547	\$ 1,252,523
Operating Lease Right-of-use Assets	\$ 1,793,807	\$ -	\$ -	\$ -
Other	\$ 213,064	\$ 211,995	\$ 133,594	\$ 133,823
Total Other Assets, Net	\$ 7,947,320	\$ 6,159,547	\$ 5,604,408	\$ 5,291,367
Total Assets	\$ 13,720,982	\$ 11,857,218	\$ 10,972,402	\$ 9,486,800
Liabilities and Equity:				
Current Liabilities				
Current Portion of Long-term Debt	\$ 123,527	\$ 126,406	\$ 146,300	\$ 172,975
Accounts Payable	\$ 303,988	\$ 318,765	\$ 289,137	\$ 222,197
Accrued Expenses and Other Current Liabilities	\$ 920,493	\$ 752,684	\$ 653,146	\$ 450,257
Deferred Revenue	\$ 268,779	\$ 264,823	\$ 241,590	\$ 201,128
Total Current Liabilities	\$ 1,616,787	\$ 1,462,678	\$ 1,330,173	\$ 1,046,557
Long-term Debt, Net of Current Portion	\$ 8,390,183	\$ 8,016,417	\$ 6,896,971	\$ 6,078,206
Long-term Operating Lease Liabilities	\$ 1,655,477	\$ -	\$ -	\$ -
Other Long-term Liabilities	\$ 131,909	\$ 111,331	\$ 73,039	\$ 99,540
Deferred Rent	\$ -	\$ 121,864	\$ 126,231	\$ 119,834
Deferred Income Taxes	\$ 194,532	\$ 183,836	\$ 155,728	\$ 151,295
Redeemable Noncontrolling Interests	\$ 73,113	\$ 70,532	\$ 91,418	\$ 54,697
Total Long-term Liabilities	\$ 10,445,214	\$ 8,503,980	\$ 7,343,387	\$ 6,503,572
Total Liabilities	\$ 12,062,001	\$ 9,966,658	\$ 8,673,560	\$ 7,550,129
Equity				
Total Stockholders' Equity	\$ 1,657,821	\$ 1,884,180	\$ 2,297,438	\$ 1,936,547
Noncontrolling Interests	\$ 1,160	\$ 1,409	\$ 1,404	\$ 124
Total Equity	\$ 1,658,981	\$ 1,885,589	\$ 2,298,842	\$ 1,936,671
Total Liabilities and Equity	\$ 13,720,982	\$ 11,852,247	\$ 10,972,402	\$ 9,486,800

Ratio Analysis					
	2019	2018	2017	2016	4 Years Average
Solvency Ratios					
LTD/Total Capitalization	83.50%	80.97%	75.01%	75.84%	78.83%
EBITDA/Interest (Interest Coverage)	3.35	3.41	3.31	3.07	3.29
LTD/EBITDA	6.00	5.75	5.89	6.37	6.00
Profitability Ratios					
Gross Margin	56.92%	57.37%	56.18%	55.35%	56.45%
EBITDA Margin	32.95%	33.01%	30.46%	27.17%	30.90%
EBIT Margin	17.64%	17.88%	16.88%	14.28%	16.67%
Return on Assets (ROA)	2.78%	3.18%	1.80%	1.32%	2.27%
Return on Equity (ROE)	20.04%	17.37%	8.68%	8.57%	13.66%
Trend Analysis					
Revenue Growth	0.41%	9.89%	9.52%	16.74%	9.14%

Peer Analysis					
Direct Competitor Comparison in REIT industry					
	VER	NNN	EQIX	SPG	IRM
Market Cap (in 000s)	\$ 9,390,000	\$ 9,040,000	\$ 47,140,000	\$ 36,480,000	\$ 9,160,000
Revenue (in 000s)	\$ 1,260,000	\$ 642,810	\$ 5,340,000	n/a	\$ 4,240,000
Qtrly Rev Growth	-1.10%	6.00%	9.70%	15.40%	0.60%
EBITDA (in 000s)	\$ 1,070,000	\$ 579,560	\$ 2,370,000	\$ 4,200,000	\$ 1,398,249
Net Income (in 000s)	\$ 238,180	\$ 242,440	\$ 496,450	n/a	\$ 366,630
Gross Margin	24.66%	43.14%	9.29%	19.19%	8.37%
Operating Margin	39.80%	62.40%	20.99%	0.00%	17.88%
Full Time Employees	180	68	8,090	3,300	26,000
Stock Price	\$ 9.65	\$ 55.27	\$ 555.73	\$ 104.22	\$ 31.90
Company's Name	Symbol				
Vereit, Inc	VER				
National Retail Properties, Inc	NNN				
Equinix, Inc	EQIX				
Simon Property Group, INC	SPG				
Iron Mountain, Inc	IRM				

Projection Analysis

Projection Analysis													
Historical					Projections								
Income Statement													
PERIOD ENDING	31-Dec-16	31-Dec-17	31-Dec-18	LTM Jun-19	06	4-year Average	Operating Assumpt.	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25
	(in 000s)							(in 000s)					
Total Revenue	\$ 3,511,453	\$ 3,845,578	\$ 4,225,761	\$ 4,243,250				4,497,845	4,767,716	5,006,101	5,256,407	5,519,227	5,795,188
Cost of Revenue	\$ 1,567,777	\$ 1,685,318	\$ 1,801,582	\$ 1,828,043				1,934,073	2,050,118	2,152,624	2,260,255	2,373,268	2,491,931
Gross Profit	\$ 1,943,676	\$ 2,160,260	\$ 2,424,179	\$ 2,415,207				2,563,772	2,717,598	2,853,478	2,996,152	3,145,959	3,303,257
Total Operating Expenses	\$ 1,442,070	\$ 1,511,151	\$ 1,668,671	\$ 1,666,488				1,799,138	1,907,086	2,002,441	2,102,563	2,207,691	2,318,075
EBIT	\$ 501,606	\$ 649,109	\$ 755,508	\$ 748,719				764,634	810,512	851,037	893,589	938,269	985,182
Interest Expense	\$ 310,662	\$ 353,575	\$ 409,289	\$ 417,141				468,254	444,841	421,429	398,016	374,603	351,191
EBT	\$ 190,944	\$ 295,534	\$ 346,219	\$ 331,578				296,380	365,670	429,609	495,573	563,665	633,991
Income Tax Expense	\$ 44,933	\$ 25,947	\$ 36,263	\$ 31,528				88,914	109,701	128,883	148,672	169,100	190,197
Net Income	\$ 104,824	\$ 183,821	\$ 363,351	\$ 355,133				207,466	255,969	300,726	346,901	394,566	443,794
Income Statement Assumptions													
Revenue Growth		9.52%	9.89%	0.41%		6.61%		6.00%	6.00%	5.00%	5.00%	5.00%	5.00%
Gross Margin	55.35%	56.18%	57.37%	56.92%		56.45%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
Operating Exp as % of Revenue	41.07%	39.30%	39.49%	39.27%		39.78%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%	40.00%
Tax as % of EBT	23.53%	8.78%	10.47%	9.51%		13.07%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Other Assumptions % of Revenue													
Depreciation	\$ 452,326	\$ 522,376	\$ 639,514	\$ 649,530				449,785	476,772	500,610	525,641	551,923	579,519
Capex	\$ 328,603	\$ 343,131	\$ 460,062	\$ 609,592				449,785	476,772	500,610	525,641	551,923	579,519
Depreciation	12.88%	13.58%	15.13%	15.31%		14.23%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Capital Expenditures	9.36%	8.92%	10.89%	14.37%		10.88%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Debt Schedule													
Short Term Debt	\$ 172,975	\$ 146,300	\$ 126,406	\$ 123,527									
Long Term Debt	\$ 6,078,206	\$ 6,896,971	\$ 8,016,417	\$ 8,390,183									
Total Debt Outstanding	\$ 6,251,181	\$ 7,043,271	\$ 8,142,823	\$ 8,513,710				8,088,025	7,662,339	7,236,654	6,810,968	6,385,283	5,959,597
Increase/Decease								(425,686)	(425,686)	(425,686)	(425,686)	(425,686)	(425,686)
Interest Payment		5.66%	5.81%	5.12%		5.53%	5.50%	468,254	444,841	421,429	398,016	374,603	351,191
Ratio Analysis - Assumptions													
	31-Dec-16	31-Dec-17	31-Dec-18	YTM 30-Jun-19				30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24	01-Jun-25
EBITDA	\$ 953,932	\$ 1,171,485	\$ 1,395,022	\$ 1,398,249				1,214,418	1,287,283	1,351,647	1,419,230	1,490,191	1,564,701
Trend Analysis													
Revenue Growth		9.52%	9.89%	0.41%				6.00%	6.00%	5.00%	5.00%	5.00%	5.00%
Solvency Ratios (Leverage Management Ratios)													
Total Debt / EBITDA (Incl. CPLTD)	6.55	6.01	5.84	6.09				6.66x	5.95x	5.35x	4.80x	4.28x	3.81x
EBITDA / Interest Coverage Ratio	3.07	3.31	3.41	3.35				-2.59x	-2.89x	-3.21x	-3.57x	-3.98x	-4.46x
EBIT / Interest Coverage Ratio	1.61	1.84	1.85	1.79				-1.63x	-1.82x	-2.02x	-2.25x	-2.50x	-2.81x
Profitability Ratios													
Gross Margin %	55.35%	56.18%	57.37%	56.92%				57.00%	57.00%	57.00%	57.00%	57.00%	57.00%
EBITDA Margin %	27.17%	30.46%	33.01%	32.95%				27.00%	27.00%	27.00%	27.00%	27.00%	27.00%
EBIT Margin %	14.28%	16.88%	17.88%	17.64%				17.00%	17.00%	17.00%	17.00%	17.00%	17.00%

Assumptions:

- Revenue growth will fluctuate between 6.00% to 5.00% for upcoming years of 2020 to 2025 because of historical healthy average of 6.61%. Even though previous years data show growth rate up to 9.89%, challenges in the global market, as a company operates in about 50 countries throughout the world, Iron Mountain is exposed to not only the currency exchange risk that tends to even out over time, but the more serious risk of a number of regulations different from the United States, increased political instability in some countries and the change in preferences towards the digitalization.
- Gross Margin will improve from 56.45% to 57% as a result of margin improvement from efficiencies.
- Operating Expenses as a % of Revenue will increase slightly from 39.78% to 40.00% due to development of other sectors of the business, such as digitalization.
- Depreciation and Capital Expenditures will stay consistent with historical levels of 10%.

Results:

- The company generates FCF of \$1.21B to \$1.56B in the future five years. The cash flows are healthy to support ongoing deleveraging and re-investing in development of the company.

Valuation Analysis

METHOD #1 - Stock Price

Calculations						
→						
	SP	SO	SP * SO = EQ	D	C	EQ + D - C = EV
Company	Symbol	Stock Price (8/13/2019)	Stocks Outstanding	Equity Value	Debt (ST<)	Cash
(in 000s)						
Iron Mountain Incorporated	IRM	\$ 30.98	286,820	\$ 8,885,683.6	\$ 10,380,000.0	\$ 162,000.0
→						
Iron Mountain Inc's EV	\$	19,103,683.6				

METHOD #4 - Average EBITDA Industry Trading Multiples

Calculations		→	SP	SO	SP * SO = EQ	D	C	EQ + D - C = EV	E	EV / E
Company	Symbol	Stock Price (8/13/2019)	Stocks Outstanding (\$000)	Equity Value (\$000)	Debt (ST<) (\$000)	Cash (\$000)	Enterprise Value (\$000)	EBITDA (\$000)	EBITDA Multiple	Beta
(in 000s)										
Vereit, Inc. National Retail Properties, Inc.	VER	\$ 9.61	968,260	\$ 9,304,978.6	\$ 6,260,000.0	\$ 12,790.0	\$ 15,552,188.6	\$ 1,070,000	14.53	0.26
	NNN	\$ 54.22	162,680	\$ 8,820,509.6	\$ 2,930,000.0	\$ 2,210.0	\$ 11,748,299.6	\$ 579,200	20.28	0.15
	EQIX	\$ 543.08	80,390	\$ 43,658,201.2	\$ 1,220,000.0	\$ 1,610,000.0	\$ 43,268,201.2	\$ 2,370,000	18.26	0.68
Simon Property Group, Inc.	SPG	\$ 154.43	308,990	\$ 47,717,325.7	\$ 23,320,000.0	\$ 479,780.0	\$ 70,557,545.7	\$ 4,200,000	16.80	1.06
Iron Mountain Incorporated	IRM	\$ 30.98	286,820	\$ 8,885,683.60	\$ 10,380,000.0	\$ 162,000.0	\$ 19,103,683.60	\$ 1,398,249	13.66	0.70
Average									16.71x	0.57x
EBITDA * Average Multiple		\$ 1,398,249	16.71							
Iron Mountain Inc.'s Enterprise Value		\$ 23,361,116.3								

METHOD #6 - Discount Cash Flow Valuation Analysis

Calculating WACC					
	Amount	% Cap	Return/Inter	After Tax	WACC
Market Value of Equity (Trading)	8,885,684	45.8%	7.95%	7.95%	3.64%
Total Debt	10,380,000	54.2%	6.00%	4.20%	2.28%
Total Capital	19,265,684	100.0%			5.92%
6-year Treasury Note =	1.65%	(given)			
Historical Market Premium =	9.00%	(given)			
Company Beta =	0.70x				
Historical Tax Rate =	30.00%				

Discount Cash Flow Valuation Analysis

		year (n) =	1	2	3	4	5	6	
		Projected (yr1-yr6) assumptions	Input Actual	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	EXIT YEAR 30-Jun-24	30-Jun-25
Revenues			\$ 4,243,250	\$ 4,497,845	\$ 4,767,716	\$ 5,006,101	\$ 5,256,407	\$ 5,519,227	\$ 5,722,886
Revenue Growth Assumptions				6.0%	6.0%	5.0%	5.0%	5.0%	4.7%
Cost of Revenues (CoGS)	43.0%		\$ (1,828,043)	\$ (1,934,073)	\$ (2,050,118)	\$ (2,152,624)	\$ (2,260,255)	\$ (2,373,268)	\$ (2,460,841)
Operating Expenses	40.0%		\$ (739,380)	\$ (1,697,300)	\$ (1,799,138)	\$ (1,907,086)	\$ (2,002,441)	\$ (2,102,563)	\$ (2,575,299)
EBIT			\$ 748,719	\$ 866,472	\$ 918,460	\$ 946,392	\$ 993,711	\$ 1,043,397	\$ 686,746
Less Taxes / % of EBIT	30.0%		\$	\$ (259,941)	\$ (275,538)	\$ (283,917)	\$ (298,113)	\$ (313,019)	\$ (259,941)
Plus Depreciation	10.0%		\$	\$ 449,785	\$ 476,772	\$ 500,610	\$ 525,641	\$ 551,923	\$ 449,785
Less Capex	10.0%		\$	\$ (449,785)	\$ (476,772)	\$ (500,610)	\$ (525,641)	\$ (551,923)	\$ (449,785)
Cash Flow			\$ 748,719	\$ 606,530	\$ 642,922	\$ 662,474	\$ 695,598	\$ 730,378	\$ 606,530
EBITDA			\$ 1,398,249	\$ 1,316,256	\$ 1,395,232	\$ 1,447,002	\$ 1,519,352	\$ 1,595,319	\$ 915,662
Terminal Value	Assumptions								
EBITDA Multiple Method	16.71x	(EBITDA x Market EBITDA Multiple)						\$ 26,653,652	
Perpetuity Method	5.92%	Next Yr Cash Flow / (WACC - Next Yr Rev Growth)						\$ 30,947,773	
Average								\$ 25,331,844	
Less Debt Outstanding (at Exit)								\$ (7,785,000)	
Plus Cash (at Exit)								\$ -	
Equity Value at Terminal								\$ 17,546,844	
Equity Cash Flows			\$	\$ 606,530	\$ 642,922	\$ 662,474	\$ 695,598	\$ 17,896,553	
PV Table or $1 / [(1+i)^n]$			\$	\$ 0.9263548	\$ 0.8581332	\$ 0.7949358	\$ 0.7363926	\$ 0.6821608	
Present Value of Equity			\$	\$ 561,862	\$ 551,713	\$ 526,624	\$ 512,233	\$ 12,208,327	
Total Present Value of Equity			\$	\$ 10,380,000					
+ PV of Debt =			\$	\$ 10,380,000					
- Less Cash =			\$	\$ (162,000)					
Iron Mountain Inc's EV			\$	\$ 20,598,000					

Valuation Analysis Discussion:

Analyzing Iron Mountain's (IRM) current trading Enterprise Value (EV) with trading EV of their competitors, IRM is undervalued at EBITDA multiple of 13.66x versus average of 16.71x for selected peers in Real Estate Investment Trust' Industry, adding that the peer companies were chosen to have the closest EBITDA multiple to the multiple of IRM. The results of Peer Analysis Method show that the company should be valued at \$45.82, higher than current \$30.98.

DCF Analysis method shows that company is undervalued as well. Projecting a moderate low growth on the future cash flows brings smooth line of cash flows in the future which evaluate IRM at \$36.19, higher than \$30.98 of current price.

Valuation Analysis Results:

ENTERPRISE VALUATION ANALYSIS

	EV	Debt	Cash	Eq Value	Shares Outs	Stock Price
Method #1 - Current Market Price	\$ 19,103,684	\$ 10,380,000	\$ 162,000	\$ 8,885,684	286,820	\$ 30.98
METHOD #4 - Average EBITDA Industry Trading Multiples	\$ 23,361,116	\$ 10,380,000	\$ 162,000	\$ 13,143,116	286,820	\$ 45.82
Method #6 - Discount Cash Flow Valuation Analysis	\$ 20,598,000	\$ 10,380,000	\$ 162,000	\$ 10,380,000	286,820	\$ 36.19
Average of methods	\$ 21,020,933	\$ 10,380,000	\$ 162,000	\$ 10,802,933	286,820	\$ 37.66

Based on the results of three methods of valuation, such as Valuation by Current Market Price, Valuation by comparing the company to its main peers in the industry and EBITDA multiple and Discounted Cash Flow Valuation methods, the conclusion is that Iron Mountain Corporation is trading at undervalued price. Iron Mountain is one of the largest records and information management companies in the world. The company serves a variety of industries, including banking, healthcare, accounting, entertainment, insurance, and governments around the globe to provide them with their information storage and information destruction needs. Adding to the company's resilient business model is the fact that the company boasts a 98% customer retention rate, which is in large part due to the fact that the economics of physical document storage generally make it more feasible for companies to stick with Iron Mountain than to switch to another company. Although Iron Mountain offers data protection services, shredding, digital solutions, and data centers, the company's physical document storage segment accounts for 63% of its total revenue and over 80% of its gross profits. The company also is diversifying into data centers and while the segment is only 6% of the company's revenue, it is the company's fastest growing segment with the highest margins. The efforts to bolster its data center segment is in the early innings of what will be a years long process to establish itself as a major data center company, on top of its status as a leading physical storage company. While the company is facing a risk increasing cost of operations due to increase focus of government and customers on the protection of data security, I still believe the company will successfully drive growth going forward.